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## DIGEST

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HCR 90 Original

2020 Regular Session

Coussan

**Abstract:** Suspends from March 11, 2020, until September 30, 2020, the provisions of law applicable to oil and gas leases maintained in production in paying quantities.

Present law provides that when a mineral lease is being maintained by production of oil or gas, the production must be in paying quantities. Further, present law specifies that paying quantities means that production allocable to the total original right of the lessee to share in production under the lease is sufficient to induce an operator to continue production in an effort to secure a return on his investment or to minimize any loss.

Proposed law suspends this provision until Sept. 30, 2020, for wells that were producing in paying quantities on March 11, 2020. Further, present law excepts leases on lands and water bottoms owned by the state of Louisiana which are affected by Resolution Number 20-04-001 adopted by the State Mineral and Energy Board and those leases for which all parties have entered into a specific agreement on or after March 11, 2020, with respect to the effect on lease maintenance of the unprecedented collapse of oil prices.

Proposed law further provides that it is the intention of the Legislature of Louisiana that during the period of suspension, the mineral leases to which it applies shall be deemed to have continued to produce oil in paying quantities regardless of the actual amount of production.

Further provides that for periods on and after October 1, 2020, actual production, proceeds and costs shall be used to determine production of oil in paying quantities for applicable mineral leases.

Further provides that royalties and other payments for production of oil during the period of suspension payable under applicable mineral leases shall be calculated and paid at the time and in the manner provided for by the provisions of said leases using actual production, proceeds or other factors provided in said lease.

Effective upon adoption of the resolution and it shall remain in effect through September 30, 2020.

(Suspends R.S. 31:124)